

# **MEDIA RELEASE**

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## **Tucson Water Receives \$5.5 Million in New WIFA Low Interest Loans**

Tucson Water and the Water Infrastructure Finance Authority of Arizona (WIFA) jointly announced today they have closed on two new loans totaling \$5.5 million. The low-interest loans will be used to help pay for infrastructure improvements to the city's potable and reclaimed water systems.

The two new loans, carrying an average interest rate of 3.2%, will save Tucson Water ratepayers more than \$1 million dollars in interest payments over the life of the loans. Since 1998, WIFA has provided 7 loans to Tucson Water totaling approximately \$41.5 million. Cumulatively, those low-interest loans will save Tucson Water ratepayers an estimated \$4.6 million in interest payments compared to the market rates the utility would have paid without WIFA financing.

"Our continued partnership with Tucson Water is a win-win situation," stated Steve Owens, WIFA chair and also director of the Arizona Department of Environmental Quality. "WIFA's loans support Tucson's reclaimed water projects to relieve pressure on groundwater pumping, conserve drinking water for residential use and also provide water suitable for irrigation."

"Our positive relationship with WIFA has resulted in significant savings to our customers," says Tucson Water Director David Modeer. "By working together with WIFA to obtain reduced interest rates, we can continue to balance our need for critical improvements to our water system while reducing the need for more than moderate water rate increases over time."

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### **WIFA Background Information**

WIFA is an independent state agency that administers the Drinking Water Revolving Fund (DWRF) for drinking water construction projects. It also administers the Clean Water Revolving Fund (CWRF) for wastewater and water reclamation construction projects. Both funds get their money from federal and state sources. Interest rates are typically 0 – 30% below market rates.

### **Tucson Water Project Information**

The WIFA loans will provide funding, along with revenue bond proceeds, for one potable water project, designated as the *Old Nogales Highway Transmission Main* Project. This project will install lines to connect two sections of the city between the eastside of Old Nogales Highway at Aero Park Drive and Hughes Access Road. This provides additional pathways to move water from one area to another, and will minimize any unscheduled interruptions due to main breaks or valve problems.

The loans will also help fund two reclaimed water projects. The *Campbell/Drexel* project will provide reclaimed water to nine Sunnyside School District schools, three City parks (Sunnyside, Mission Manor, and Rodeo), and two TUSD schools. The *18<sup>th</sup> Street/10<sup>th</sup> Avenue* project will provide additional flexibility to the reclaimed system by connecting two reclaimed water service areas, and will provide this alternative water resource to one TUSD school, the Children's Museum, and Santa Rita Park.

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